

GRANTS PROCESS POLICY NOTICE 97-05

Amendment No, 1

EXPANDED AUTHORITIES FOR

TITLE X FAMILY PLANNING SERVICES GRANTEES

Due to the minor changes made in this document, the attached Amendment No. 1 page is to be inserted into the original GPPN 97-05 issued in July 1997.

EXPANDED AUTHORITIES FOR TITLE X FAMILY PLANNING SERVICES GRANTEES

BACKGROUND

When the decision was made to establish an Office of Grants Management for the Title X Family Planning Services Program, it became necessary to explore ways to reduce the burden of grants management processing activities. At the same time consideration was given to reducing the administrative burden on grantees. A work group was convened to look at methods to streamline the grants management process.

One area considered by the group was to give grantees expanded authorities to reduce the administrative burden on grantees, and streamline the post-award monitoring process for grants management staff.

Grants Administration Regulations 45 CFR Parts 74 and 92 authorize awarding agencies to waive certain cost-related and administrative prior written approvals. This policy was developed in accordance with those regulations.

The expanded authorities selected allow grantees, without prior approval to: 1) incur pre-award costs up to 90 days prior to anticipated award date, 2) carryover unobligated funds to subsequent periods, 3) incur costs under applicable cost principles, and 4) use program income to further eligible project or program objectives. A more detailed explanation of these items appears later in this document.

APPLICABILITY

Effective immediately, this policy is applicable to all Title X Family Planning Services Program discretionary grantees. However, **individual grantees may be excluded** from expanded authorities.

The following **guiding principles** will be used to identify grantees that can responsibly be monitored on a less intensive basis:

1. The grantee organization is competently managed, fiscally responsible, and committed to achieving the grants objectives.

2. The grantee organization has a "history" of satisfactory performance, no material violations of terms and conditions of award, and no large disallowances on previous awards from Federal programs.
3. Program involvement in post-award activities is limited to normal stewardship responsibilities.
4. No statutory, regulatory, or programmatic requirements need to be addressed at specific time intervals.

The following potential **risk indicators** will assist in determining the extent of flexibility that can be granted to certain grantees, programs or grants.

1. New grantee organization
2. Excessive balances of unobligated funds
3. Audit exceptions, debarment, suspension, exceptional (high risk) grantee
4. Change of scope
5. History of submission of delinquent reports

The Grants Management Officer and Program Consultant will make recommendations to the RHA on authorizing expanded authorities for individual grantees. This recommendation will be part of the funding recommendation for each budget period. The Regional Health Administrator will make the final decision on authorizing expanded authorities for individual grantees.

The Notice of Grant Award for each budget period must indicate whether or not a grant is subject to special grants administration provisions (i.e., expanded authorities).

"This grant is (not) subject to special grants administrative provisions, i.e., expanded authorities in accordance with the Grants Process Policy Notice 97-05, Expanded Authorities for Family Planning Services Grantees."

Several of the expanded authorities have specific deadlines for submission of reports or for timely notification to the appropriate grants management office. Once an organization has been granted expanded authorities, the provision may be rescinded for cause, at the discretion of the RHA. The GMO will issue a revised NGA to convey a decision to rescind this provision. The reasons for rescinding the expanded authorities may include, but are not limited to:

- 1) A pattern of failure to adhere to deadlines for reporting or notification
- 2) Designation of high risk status
- 3) Suspension of the grant

- 4) Large cost disallowances on a subsequent audit
- 5) Absence of key management staff for an extended period

Expanded authorities are not applicable to for-profit organizations, individuals, and cooperative agreements.

Detailed information on the expanded authorities is contained in the following pages.

**Expanded Authorities for
Title X Family Planning Services Grantees**

Listed below are the expanded authorities that are applicable to grantees for Title X Family Planning Services Program.

When the Notice of Grant Award (NGA) indicates that a grant is subject to special grants administration provisions (i.e., expanded authorities), without prior approval from the Grants Management Officer (GMO), the grantee may:

1. Incur pre-award costs up to 90 calendar days prior to award, or more than 90 calendar days with the prior approval of the awarding office provided the costs incurred are considered necessary for the conduct of the project and the costs are allowable under the potential award.

All pre-award costs are incurred at the grantee's risk. The awarding office is under no obligation to reimburse such costs if for any reason the applicant does not receive an award or if the award is less than anticipated and inadequate to cover such costs.

The grantee organization must be aware that pre-award costs must not impair its ability to accomplish project objectives or in any way adversely affect the conduct of the project.

2. Carry forward unobligated balances of 10% of total amount awarded up to a maximum of \$150,000 to subsequent funding periods except for funds restricted on a Notice of Grant Award. The grantee organization must notify the GMO whether it has elected to carry over unobligated balances and the amount to be carried over. The notification **shall** be provided under item 12 "Remarks", in the Financial Status Report (FSR).

Any unobligated balance **not** specified for carryover on the FSR shall be available for disposition by the awarding office. Grantee organizations are required to submit the FSR within 90 days after the expiration of a budget period.

If a grantee reports a balance of unobligated funds in excess of 10% of amount awarded or the maximum of \$150,000, the GMO shall review the circumstances resulting in such balances to assure that the funds are necessary to complete the project. Based on the outcome of this review the RHA may take

appropriate action, e.g., authorize approval of the unobligated balance as carryover; restrict on future NGAs the authority to automatically carryover unobligated balances; use the balance as an offset against a subsequent award; or allow the carryover, but reduce the next budget period award level.

3. Incur costs under Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments" or OMB Circular A-122 "Cost Principles for Nonprofit Organizations" as applicable with two exceptions:
 - Prior approval for capital expenditures for land and buildings is not waived because such capital expenditures are allowable only when the program's legislation or regulations so permit.
 - Prior approval for indemnification against liabilities to third parties and any other loss or damage not compensated by insurance or otherwise is not waived because the Government is obligated to indemnify the organization only to the extent expressly provided in the award.

Requirements for allow ability, reasonableness, allocability, and consistency of costs are still applicable.

4. Use general program income earned during the project period to be added to funds committed to the project and used to further eligible project or program objectives unless legislation, regulations or the NGA specify another alternative or a combination of alternatives.

Disposition of program income such as income from royalties from copyrights or inventions, shall be governed by the provisions in 45 CFR 74.24 and 45 CFR 92.25.

Grantees are advised that any pattern of failure to adhere to deadlines for reporting or notification shall be grounds for excluding that grantee institution from the expanded authorities.

In waiving cost-related prior approvals under the applicable cost principles, the rebudgeting is limited when the rebudgeting constitutes a change in scope. Change in scope requires prior approval.

Excessive unobligated balances will be determined through an analysis by program and grants management staff of the financial status report, audit, grantee reasons for the large unobligated balance, and grantee overall performance.

Under the expanded authority all program income is to be used to further eligible project or program objectives, whether it is included in the budget, used for off-budget items, or remains unexpended (i.e., excess program income) at the end of a budget period to be used in a subsequent period.

This means that the grantee has authority to use program income, outside the budget without prior approval, when it is used to further eligible project objectives or program objectives. This includes costs that are unallowable for federal funds use. Grantee records must clearly indicate non-federal funds were used when such costs are incurred.

Grantees should share this document with their independent auditors.

Although expanded authorities reduce the number of prior approvals that grantees are required to obtain, there are several items which **do require prior written approval** before execution. Those items marked by X require prior approval.

ITEMS THAT REQUIRE PRIOR WRITTEN APPROVAL FROM THE AWARDING OFFICE	STATE AND LOCAL GOVERNMENT	PRIVATE NON PROFIT
1. Change of Scope	X	X
2. Change in Program Director 1/	X	X
3. Change in grantee organization	X	X
4. Actions requiring additional Federal funds	X	X
5. Deviations from award terms and conditions	X	X
6. Closely related work	X	X
7. Audiovisuals and publications in excess of \$25,000 per product	X	X
8. Pre-award costs more than 90 days prior to award	X	X
9. Drawings/specifications for alteration and renovations over \$50,000	X	X
10. Indemnification against third parties	X	X
11. Capital expenditures for land and buildings	X	X

References: 45 CFR 74.25; 45 CFR 92.30; PHS Grants Policy Statement

- 1/ This prior approval requirement does not apply to any grants to State and local government **unless** made applicable by a specific term or condition on the NGA.

For other non-research grantees, the NGA must specifically state a prior approval requirement for the replacement or significant change in responsibilities of the approved project director, or any other persons expressly identified on the award as key project staff.